

“It’s not the government holding up energy production, it’s the oil companies”

WASHINGTON – Congresswoman Louise Slaughter, Ranking Member of the House Rules Committee, today said that oil companies, not government actions, have an ability to affect the sky-high price of gasoline. She said oil companies aren’t fully using their lands to tap current oil reserves, and reduce the price of oil and that while tapping the strategic oil reserve is an option it is not an adequate long-term solution.

“Today the President said he was willing to tap into the strategic oil reserve and while I agree that is an action we should take to help working families struggling with rising gas prices, I don’t believe that adequately addresses the issue,” said Slaughter.

“While it may be assumed that politicians can control the price of gasoline based on how often we are asked to comment on the issue, we can’t. It’s not the government holding up energy production, it’s the oil companies. Oil companies currently use a mere 23 percent of the public land leased to them. Opening additional public lands for oil speculation would not increase our domestic production when oil companies are not using the land they currently hold.”

Some facts you should know:

- Of the almost 79 million acres of public land under lease both on and off shore, oil companies are producing oil on 18.5 million acres, a mere 23 percent.
- Onshore: 41 million acres of public lands are under lease for oil and gas development, but oil companies are only producing on 12 million acres.
- Offshore: 37 million acres of the Outer Continental Shelf are under active lease, but oil companies are only producing on 8.6 million acres.
- While more and more land has become available to oil companies, the ability to refine the crude has not increased. The refining capacity of U.S. crude oil, according to the most recent statistics, is at 80 percent.
- Restrictions on oil drilling are not curbing domestic energy production. In 2010 the U.S. produced 4.8% more oil and 6.6% more natural gas than in 2009. This is a greater increase in domestic energy production than during the Bush administration.

In the 110th Congress, Slaughter was a cosponsor of the “Use It or Lose It” bill, which would compel the oil industry to start drilling on the 68 million acres which they are currently warehousing or be barred from obtaining any more federal drilling leases until they demonstrate that they are diligently developing those lands. At the time of this legislation, oil companies owned 68 million acres of land – equal to the size of Colorado. Today oil companies own even more land, 79 million acres, and yet their domestic production has only increased marginally. The bill failed to receive a full two-thirds majority in the House.

Earlier in the week Slaughter discussed the role of oil speculators in rising gas prices. Thanks to the Congresswoman’s support of enacting the Dodd-Frank Wall Street Reform Act, actions are being taken as we speak to regulate the oil speculators and stop them from hiking up gas prices. It should be noted that under the Act, airlines will still be able to use derivatives to hedge against a rise in fuel costs. She said,

“Once again, Western New York is on the receiving end of an unstable oil market. It is not a lack of oil, but rather unchecked speculation that is driving a spike in gas prices and hurting Western New Yorkers. Despite the fact that OPEC is working to ensure the continued flow of oil now and in the future, speculators have driven oil prices through the roof. The continued instability and rising prices in the oil market will not change unless we take immediate and dramatic steps to reduce our dependence on foreign oil.”

With both of these concerns in mind, Slaughter has called for a renewed effort to invest in new energy sources.

“Democratic changes have arisen in the Middle East, and should be supported. As these changes transform the region, it is a reminder that we must continue to free ourselves from foreign oil. We must strengthen our efforts to develop new energy sources- tapping a wide array of renewable resources from wind to solar and algae. These renewable energy sources can be generated right here in Western New York and throughout the United States.”